

UW System Board of Regents
Meeting of the Business & Finance Committee

Via WebEx

June 4, 2020

The Meeting of the Business and Finance Committee was called to order at 10:33 AM by the Acting Chair, Regent Scott Beightol. Roll was taken. Regents Beightol, Atwell, Delgado, Jones, Lezvow, and Peterson were present. The Committee had a quorum. The Acting Chair asked Committee Members to identify any conflicts of interest. No conflicts were indicated.

A. Calling of the Roll

B. Declaration of Conflicts

C. Approval of the Minutes of the February 6, 2020 Meeting of the Business and Finance Committee

Upon the motion of Regent Jones and the second of Regent Lezvow, the Committee approved the minutes of the February 6, 2020 Business and Finance Committee meeting.

D. Trust Funds Quarterly Investment Report

The Business and Finance Committee received a presentation on the Trust Funds Quarterly Investment Report, introduced by UW System Office of Trust Funds Executive Director, Chuck Saunders, and presented by State of Wisconsin Investment Board (SWIB) Senior Business Analyst, Robert Thornton. Mr. Thornton reviewed asset allocations in various portfolios and

adjustments made in April in response to the economic impacts of the COVID-19 pandemic. For the period ending March 31st, 2020, UW System Trust Funds assets totaled \$565.9 million, with \$422.14 million in the Long-Term Fund and \$143.76 million in the Income Cash Fund. The Fund's public equity investments decreased by - 22.16% during the quarter. Bond investments and inflation-sensitive investments gained 3.40% and 1.64%, respectively. The private markets portfolio returned -0.02%, the Long-Term Fund decreased in value -10.90%, the UW Fund Custom Benchmark decreased -10.99%, and the Income Cash Fund gained 0.36% for the period. UW System staff and SWIB staff were available to answer any questions from the Committee.

E. Approval of the Option Periods in the UW System Contract with Instructure

Upon the motion of Regent Delgado and the second of Regent Atwell, the Committee approved a request from UW System to exercise two option periods in a current contract with Instructure for Canvas Digital Learning Environment software. UW System Associate Vice President for Administrative Services, Ruth Anderson, provided background to the Committee. She emphasized how critical the software was in moving faculty and students to online courses due to the COVID-19 pandemic. When the original contract was approved by the Board in October 2017, the executive summary, presented correctly, stated the contract was for a three-year term at a cost of \$4,874,405, but the costs of the first and second two-year option periods were misstated as a combined \$4,069,061, rather than the \$8,165,508 total correctly noted in the contract. The UW System General Counsel advised this item, as corrected, come before the Board for approval prior to the exercise of the first two-year option period. Ms. Anderson and UW System Associate Vice President for Learning and Information Technology Services, Steven Hopper, were available to answer any questions from the Committee.

F. Approval of a UW-Madison Contractual Agreement with Attainment Holdco, LLC d/b/a InStride

Upon the motion of Regent Peterson and the second of Regent Levzow, the Committee approved a service agreement introduced by UW-Madison's Vice Chancellor for Finance and Administration, Laurent Heller, between UW-Madison and InStride. Under this four year agreement (renewable for an additional three years), UW-Madison is piloting one online undergraduate program (a Bachelor's degree in Personal Finance) and an online non-credit program (on Grief and Resilience) available to employers working with InStride (a public benefit corporation) to provide educational opportunities to employees. UW-Madison will receive a revenue share on tuition of 60% (with 40% going to InStride). The partnership requires no up-front payment to InStride, as the company will not receive revenue until the employer partners enroll students. UW-Madison can add additional programs as mutually agreeable at any time with an addendum to the agreement.

G. Approval of an Exception to Regent Policy Document 31-15, "Large Unendowed Bequests or Gifts"

Upon the motion of Regent Jones and the second of Regent Levzow, the Committee approved an exception to Regent Policy Document 31-15, dealing with Large Unendowed Bequests or Gifts requested from UW-Milwaukee for the expenditure of principal from Robert Meyer Trust. RPD 31-15 requires that bequests equal to or greater than \$1,000,000 become Board-designated endowments, with only the income available for expenditure. UW-Milwaukee received a gift of \$1.15 million from the Robert Meyer Trust for the benefit of WUWM, a public radio station administered by the university's College of Letters & Science. The funds would support priorities identified in an upcoming strategic plan, anticipated to include upgrades to the station's physical

plant and the purchase of specialized equipment. UW System Vice President for Finance, Sean Nelson, introduced the item, and invited UW-Milwaukee Chancellor Mark Mone to address the Committee. The gentlemen and UW-Milwaukee Vice Chancellor Robin Van Harpen made themselves available to answer any questions.

H. Report of the Vice Presidents

UW System Vice President for Administration, Robert Cramer provided updates to the Committee on the Administrative Transformation Project (ATP). With the business case temporarily delayed, preplanning continues, VP Cramer spoke to: 1) the redesign of the UW's chart of accounts; 2) assessment of the move to accrual accounting; 3) inventorying of policies to identify opportunities to streamline business processes; 4) continued work designing the future operational model; and 5) progress on the selection of a quality assurance partner with the P2P procurement project; and 6) the selection of software has been deferred until at least fall 2020.

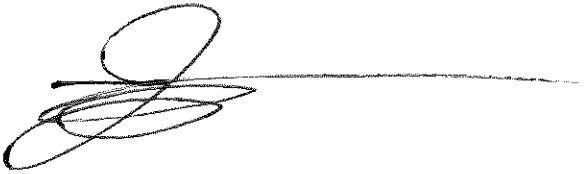
Vice President Cramer also addressed the UW System's COVID-19 pandemic response and planning. He talked about a broad swath of activities across units of UW System Administration and campuses. Highlights included the successful and secure move to online courses and remote work across UW System, development of relevant COVID-19 interim policy, and cooperation with the Department of Administration and Department of Employee Trust Funds, in coordinating resources and responses. Noted some capital planning projects have been cancelled or postponed, and each campus has instituted furloughs of some kind in response to budget reductions. In anticipation of students, faculty, and staff returning to campuses in the fall, operational and physical modifications are being made in places, such as dining halls and residence halls. Testing and tracing plans are being developed in concert with state and local health authorities. We are

working together to promote the health and wellbeing of our communities. Vice President Cramer and several campus chief business officers were available to the Committee to answer any questions.

Vice President Nelson updated the Committee on the financial impacts of COVID-19, estimated through the summer semester. He discussed the impact of the state budget reduction and offsets through federal funding and expenditure reductions. The UW System's estimated exposure came to approximately \$102.4 million. In addition, he informed the Committee that as UW System Administration and its institutions continue monitoring cash flow, they are planning different cost reductions under multiple scenarios. Regular reports will be made to the Board of Regents.

The meeting adjourned at 11:26 AM.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal line extending to the right.

Joyce E. Jackson

Recording Secretary